



**PUBLISHERS
CLEARING HOUSE**

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Attorney General Tom Miller
Office of the Attorney General
1305 East Walnut Street
Des Moines, IA 50319

LETTER OF UNDERTAKING

Dear Attorney General Miller:

This letter is written to state certain undertakings on the part of Publishers Clearing House to address concerns expressed by the Office of the Attorney General relating to its promotional practices and compliance with the Consent Judgment.

Definitions

As used in this letter, the following terms have the meanings, respectively, set forth next to them:

"\$500 Spender" refers to a customer appearing on PCH's customer file with an Iowa address with paid orders with PCH for \$500 or more during a calendar quarter.

"Attorney General" refers to the Office of the Iowa Attorney General.

"Consent Judgment" refers to the Consent Judgment involving PCH filed in the Iowa District Court for Polk County on October 23, 2001.

"Older Iowan" refers to a \$500 Spender who is 65 years of age or older.

"PCH" refers to Publishers Clearing House LLC, a New York limited liability company, together with pch.com llc, its wholly-owned subsidiary.

"Survey" refers to the High Activity Customer survey process set forth in the Consent Judgment, as modified through this Undertaking or otherwise by agreement of PCH and the Attorney General.

"Triggering Quarter" refers to a calendar quarter in which a customer's spending triggers an age determination and (potentially) the survey requirement. The first Triggering Quarter for purposes of the requirements of this Undertaking shall be the third quarter of 2007.

“Undertaking” refers to this Letter of Undertaking and all requirements and obligations contained herein.

Quarterly Monitoring and Suppression

1. PCH shall, within 15 days of the end of each calendar quarter, identify each \$500 Spender for that quarter and attempt to determine such person’s age. If the person is determined to be an Older Iowan, PCH shall attempt to survey him or her, and shall suppress if appropriate in light of the survey criteria then applicable.
2. If the surveyed Older Iowan is not suppressed, the Attorney General shall be notified of that determination, and shall at that time be provided the person’s name, address, age, dollar amount paid during the quarter in question, all survey documents, and, thereafter, such other related information as the Attorney General may reasonably request. Such notice shall be provided as soon as circumstances reasonably permit but in any event within 10 days after the end of the month in which the person is determined to be promotable. The Attorney General may, in the Attorney General’s sole discretion, exercised in good faith, require that any such Older Iowan be suppressed, in which case the refund and reinstatement provisions of this Undertaking apply.
3. A person for whom a Triggering Quarter results in a survey and a determination of promotability by PCH need not be surveyed in connection with spending activity that occurs in the quarter immediately following such Triggering Quarter. However, if such person qualifies as a \$500 Spender in the quarter immediately following such Triggering Quarter, the notification provisions of the preceding paragraph shall apply. If such person qualifies as a \$500 Spender in the second quarter following such Triggering Quarter, the terms of this Undertaking shall apply except that:
 - the Survey to be administered in such cases may be abbreviated in such a way as to permit meaningful assessment of the person’s continued promotability without undue intrusiveness or repetition;
 - in developing an abbreviated form of Survey PCH may enlist the services of recognized professional consumer research experts; and
 - the abbreviated form of Survey will be subject to prior review by the Attorney General and PCH shall not unreasonably withhold its assent to changes requested by the Attorney General.

For the purposes of this paragraph, the fourth quarter of any calendar year in respect of which a Survey is required to be administered to an individual under the High Activity Customer program in the Consent Judgment shall be treated as a “Triggering Quarter” for that individual.

4. Any \$500 Spender for whom PCH cannot make an age determination within thirty days of the end of the quarter will be surveyed.

5. Any Older Iowan, and any \$500 Spender for whom PCH cannot make an age determination, for whom a survey cannot be completed within thirty days of the end of the quarter, shall be immediately suppressed. PCH shall be free to continue to make reasonable efforts to attempt to contact any person suppressed under this paragraph in order to survey the person to ascertain whether or not the person is promotable.
6. A person who is determined to be an Older Iowan and is suppressed pursuant to this Undertaking shall be promptly provided a full refund in the amount by which the Older Iowan's paid orders during and after the Triggering Quarter exceeded \$500, without any requirement that the Older Iowan return merchandise or satisfy any other condition.
7. Any person suppressed pursuant to this Undertaking shall not be reinstated to promotable status without the written consent of the Attorney General, which consent shall not be unreasonably withheld or delayed upon PCH's written request therefor, except that a person may be reinstated without such consent if the person was suppressed pursuant to numbered paragraphs 5 or 10 of this Undertaking and:
- In the case of persons for whom PCH is unable to complete a survey, such person is subsequently contacted, surveyed and determined to be promotable; and
 - In the case of persons for whom PCH is unable to make an age determination, such person is subsequently determined not to be an Older Iowan.

The notification provisions of numbered paragraph 2 of this Undertaking shall apply in the case covered by the first bullet above, but not the second. A determination as to age shall be effective immediately upon receipt of information reasonably establishing that fact.

Preventing Resumption of Mailings to Suppressed Persons

8. PCH asserts that new software technology will better ensure that a resumption of mailings intended to be affected by a suppression will not occur due to minor variations in the name and address for a suppressed Iowa resident that appear in PCH records. PCH shall employ the best name and address duplication identification and elimination technology and procedures available on commercially reasonable terms to ensure that a suppressed Iowa resident does not receive any mailings from PCH that the suppression was intended to affect.

A resumption of mailings intended to be affected by a suppression due to name duplication will not be excused by (a) a variation in how the same name appears in PCH records, or (b) a suppressed person's change of address within Iowa, or (c) both a & b, unless (i) PCH has obtained and is applying such technology and procedures on a regular basis to its list of customers with an address in Iowa to identify duplicate entries or records for a single person; (ii) PCH is applying the National Change of Address file provided by the United States Postal Service to such list of customers; (iii) PCH is performing periodic address correction of its customer list with industry-standard software, certified by the United States Postal Service, to ensure that customers' postal

code and area of residence are consistent; (iv) PCH has not received notice from any affected consumer or the Office of the Attorney General that the duplication has occurred; (v) PCH does not have actual knowledge of a duplication; (vi) PCH is not otherwise in possession of facts that would lead a reasonable person to suspect that the duplication has occurred; and (vii) once in possession of such facts, PCH has not failed promptly to investigate such facts and take such corrective action as may be reasonable under the circumstances to eliminate the duplication.

Payment of Fine In Event of Resumption of Mailings to Suppressed Persons

9. Notwithstanding any other provision of this Undertaking, if an unexcused resumption occurs after the date of this Undertaking, PCH shall promptly provide a full refund to the affected suppressed person without any requirement that the person return merchandise or satisfy any other condition, and shall promptly pay to the Iowa Attorney General the sum of \$2500 to be used for consumer education or any other purpose permitted by Iowa law. This provision -- requiring the payment of a fine (or fines) for any violations of the requirements of Paragraph 8 -- shall be sunset and of no further effect in the event there are no substantial violations of this paragraph's resumption-of-mailing provisions after 7 years. The determination of compliance with the requirements of Paragraph 8 for purposes of determining the implementation of this sunset provision shall be made by the Attorney General, in the Attorney General's sole discretion, exercised in good faith. An isolated failure of compliance that occurs despite good faith efforts to comply, and despite the implementation of policies and procedures reasonably designed to effect compliance, will not be regarded as a failure to comply on the part of PCH for purposes of this sunset provision.

Suppressions Under The Consent Judgment

10. PCH shall immediately and permanently suppress all Iowa consumers for whom PCH failed to complete a survey required under the Consent Judgment within the first calendar quarter of the year following the year in which spending triggered the survey requirement; provided that such a person may be reinstated to a promotable status if such person is subsequently contacted, surveyed and determined to be promotable in light of the survey criteria then applicable. PCH shall be free to continue to make reasonable efforts to attempt to contact any person suppressed under this paragraph in order to survey the person to ascertain whether or not the person is promotable.

Sharing of Customer Names

11. PCH shall not include in any customer list that PCH provides to another entity for promotional purposes the name or address of any person with an Iowa address who has been suppressed or has been identified as an Older Iowan.

Additional Measures

12. PCH shall honor requests from persons with an address in Iowa who have been suppressed pursuant to this Undertaking for entry into its current ongoing sweepstakes in accordance with its then current policies and procedures on the same basis as such entry opportunities are available to the general public.

13. PCH shall, as soon as practicable but in any event no later than December 31, 2007, implement procedures designed to identify instances in which an Older Iowan places duplicate magazine subscription orders during any rolling twelve (12) calendar month period, checked not less frequently than quarterly, through PCH. Promptly upon identification of any such instance, PCH shall cancel such duplicate subscription orders to the extent that they result in an Older Iowan having a subscription to a title for a period in excess of three years, and provide an immediate refund of all amounts paid in respect of such excess duplicate subscription orders. PCH shall promptly inform the Attorney General of each instance in which an Older Iowan is identified under this paragraph.

14. PCH shall mail to all Iowa consumers with annual paid dollar amounts of \$1000 or more a non-promotional stand alone letter reminding them of the "Buying Won't Help You Win" and "No Purchase Necessary" messages, and including this message, conspicuously presented and in contrasting bold:

"In fact, the majority of Publishers Clearing House winners did not submit an order with their winning entry."

Such mailing shall occur not less than 120 days or more than 180 days after the end of each calendar year. PCH and the Attorney General shall negotiate in good faith and in a timely manner to establish the form and content of the mailing required by this paragraph.

15. PCH shall negotiate in good faith with the Attorney General regarding such modifications of the High Activity Customer survey questions and procedures as would reasonably enhance the protection of consumers, such enhancements to be implemented before the date of this Undertaking or as soon thereafter as circumstances reasonably permit. All survey question and procedure modifications shall be undertaken in an effort to achieve the neutral and unbiased gathering of pertinent information, giving due regard to the need to identify and protect vulnerable individuals. PCH may submit agreed modifications to a firm of recognized professional consumer research experts retained by Special Compliance Counsel, and the Attorney General shall give due consideration to said experts' recommendations in connection with the incorporation of such modifications into the Survey process.

General Provisions

16. Nothing herein is intended to diminish in any way the requirements and obligations imposed upon PCH by the Consent Judgment. All requirements and obligations imposed upon PCH by this Undertaking are in addition to the requirements and obligations imposed by the Consent Judgment. This Undertaking is independent of, and does not modify, amend or incorporate any provision of, the Consent Judgment. No aspect of this Undertaking, including its express terms or matters not addressed, shall be interpreted as an indication that the Attorney General regards any act, practice, or conduct of PCH or of any individual as compliant with the Consent Judgment or with Iowa law. PCH is entering into this Undertaking solely for the purpose of addressing the concerns of the Attorney General, and does not admit any violation of the Consent Judgment or Iowa law or any other wrongdoing, all of which PCH expressly denies.

17. Nothing herein limits the remedies available to any consumer.

18. PCH and the Attorney General may modify the requirements and obligations imposed by this Undertaking at any time by written agreement.

19. The Attorney General shall not commence or otherwise pursue any legal action, including but not limited to any action under Iowa Code §714.16, §714.16A, or §714B (2007), directed at PCH, or any officer, director, shareholder, principal or employee of PCH, in respect of or in connection with any conduct preceding the date of this Undertaking of which the Attorney General had knowledge or constructive notice by virtue of information provided by PCH in response to the Attorney General's Civil Investigative Demands, consumer complaints, or independent mailing reviews, so long as PCH continues to comply with the terms hereof. For these purposes, an isolated failure of compliance that occurs despite good faith efforts to comply, and despite the implementation of policies and procedures reasonably designed to effect compliance, will not be regarded as a failure to comply on the part of PCH.

20. PCH may unilaterally modify one or more requirements or obligations of this Undertaking, or discontinue compliance with a part or all of this Undertaking, upon sixty days advance written notice to the Attorney General. However, if such modification or discontinuance effects a material change in the benefits or protections conferred upon Iowa consumers by the Undertaking all limitations upon enforcement action imposed upon the Attorney General by the preceding paragraph are nullified.

21. If within two years PCH for any reason adopts or implements any procedures, policies or practices relating to its mailings or prize promotions that result or might result in greater protection for consumers residing in another state or the District of Columbia, by agreement with any State or the District of Columbia, PCH shall immediately notify the Attorney General. The Attorney General shall then have sixty days in which to decide either (a) to maintain in effect the terms of this Undertaking, or (b) to exchange the terms of this Undertaking for those contained in such alternative set

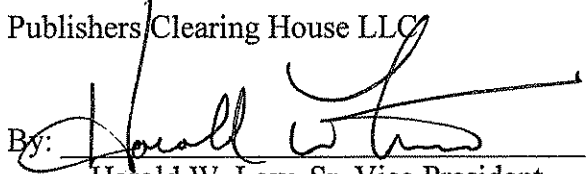
22. PCH irrevocably agrees that all documents and information provided to the Attorney General by PCH at any time after December 12, 2006 shall be regarded as public record and not subject to confidential treatment under Iowa law, with the exception of: documents or parts of documents, or such other information, as relates to the individual circumstances of named or identifiable consumers whose privacy or security may be affected by the public release thereof, which information the Attorney General undertakes not to release publicly without the consent of the consumer in question, unless required by law to do so; financial information concerning PCH and its business other than consumer spending or refund information that does not identify individual consumers without their consent; and the items listed on Schedule A attached hereto.

23. PCH may submit a written request to the Attorney General at any time requesting that some or all of the terms of this Undertaking that impose continuing obligations upon PCH be alleviated or terminated. If PCH makes such a request within seven years, the Attorney General may deny or grant the request, in whole or in part, in the Attorney General's sole discretion. If PCH makes such a request after seven years, the Attorney General shall grant the request if it reasonably appears to the Attorney General that granting the request will not deprive Iowa consumers of important protections or otherwise harm Iowa consumers.

24. PCH shall pay to the Iowa Attorney General's Office the amount of \$50,000.00 to cover various costs incurred by the Office in the course of the recent investigation and this Letter of Undertaking. The Attorney General may use this money for consumer education or enforcement as permitted by law.

Very truly yours,

Publishers Clearing House LLC

By: 
Harold W. Low, Sr. Vice President,
Secretary and General Counsel

Office of the Attorney General

By: 
Name: Thomas J. Miller
Title: Attorney General of Iowa

SCHEDULE A

1. Information and documents submitted by PCH in response to Iowa CID 1(a) through (d) relating to individuals identified by the state on Attachment I of the CID. Such information is not within this exception to the extent that it is presented or used in a manner that would not permit particular consumers to be identified.
2. Information and documents submitted by PCH responsive to Iowa CID 2 through 8 and 11 relating to customer information provided in response to PCH's high activity customer survey. Such information is not within this exception to the extent that it is presented or used in a manner that would not permit particular consumers to be identified.
3. Information and documents submitted by PCH responsive to Iowa CID 10 reflecting PCH's refund policies for persons suppressed under the HAC program. Such information is not within this exception to the extent that it is presented or used in a manner that would not permit particular consumers to be identified.
4. The "Customer Consent Form" of George Young submitted by PCH responsive to Iowa CID 14(b).
5. Information and documents submitted by PCH responsive to Iowa CID 20 relating to the number, order and dollar volume for mailings sent to consumers with an address in Iowa from January 1, 2006, through April 15, 2007.
6. Information and documents submitted by PCH responsive to Iowa CID 23 relating to the proportion of total gross revenues derived from sales of magazines and merchandise to Iowa residents and the total gross revenues estimated to be derived from the rental of the names of Iowa residents to third parties.